

WMS INDUSTRIES INC /DE/
Form 10-K
August 29, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

þ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

JUNE 30, 2011 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

OR

“ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO

Commission file number 1-8300

WMS INDUSTRIES INC.

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Delaware (State or other jurisdiction of incorporation or organization) | 36-2814522 (I.R.S. Employer Identification Number) |
| 800 South Northpoint Blvd., Waukegan, Illinois (Address of principal executive offices) | 60085 (Zip Code) |

Registrant's telephone number, including area code: (847) 785-3000

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Name of each Exchange on which registered |
|--------------------------------|---|
| Common Stock, \$0.50 par value | New York Stock Exchange |

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.) Yes No

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the shares of common stock held by non-affiliates of the registrant as of the last business day of the second fiscal quarter ended December 31, 2010 was \$2,600,217,687 based on the closing price of the common stock as reported on the New York Stock Exchange of \$45.24 per share. For the purposes of this calculation, it is assumed that directors and executive officers of the registrant are affiliates.

On August 22, 2011, the number of shares of common stock outstanding was 55,729,276 shares.

Documents Incorporated By Reference: Portions of the Registrant's definitive proxy statement to be filed on or about October 20, 2011, with the Securities and Exchange Commission are incorporated by reference in Part III of this Report.

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CAUTIONARY NOTE

This report contains statements that do not relate to historical or current facts, but are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable. These statements may also relate to future events or trends, our future prospects and proposed new products, services, developments or business strategies, among other things. These statements can generally (although not always) be identified by their use of terms and phrases such as anticipate, appear, believe, continue, could, estimate, expect, indicate, intend, may, plan, possible, predict, project, pursue, will, would, and other similar terms and phrases, as well as the use of the future tense. Forward-looking statements in this Annual Report on Form 10-K speak only as of the date hereof, and forward looking statements in documents incorporated by reference speak only as the date of those documents. Unless otherwise required by law, we undertake no obligation to publicly update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

Examples of forward-looking statements in this report include, but are not limited to, the following categories of expectations about:

- Ø Our ability to introduce new products that perform well in the relevant market;
- Ø Industry replacement demand and new casino openings and expansions;
- Ø The impact of the economy on our global business;
- Ø The timing, features, benefits and expected success of new product introductions;
- Ø The timing of the introduction of and revenues from networked gaming systems and applications and online gaming;
- Ø Further market penetration of our products;
- Ø Increasing growth or contributions from certain non-gaming machine products and services;
- Ø Factors impacting future gross profit and operating margins and expectations about future tax rates;
- Ø Our ability to acquire, develop or protect intellectual property;
- Ø Our market share, competitive advantages and relative leadership position;
- Ø The advantages offered to customers by our products and product features;
- Ø Gaming growth, expansion and new market opportunities;

- Ø Legislative or regulatory developments and related market opportunities;
- Ø Financial results for fiscal years 2012 and 2013;
- Ø Our ability to benefit from and effectively integrate and utilize licensed or acquired intellectual property and technologies;
- Ø Expanding our product lines and improving our position in related markets;
- Ø Demand for operating leases by customers;
- Ø Future costs of our restructuring; and
- Ø Our access to and the availability of capital and credit resources to fund future operating requirements, capital expenditures and payment obligations.

Actual results could differ materially from those expressed or implied in our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and to inherent known and unknown risks and uncertainties. See Item 1A. Risk Factors, in this report for a discussion of these and other risks and uncertainties. Although we believe that the expectations reflected in our forward-looking statements are reasonable, any or all of our forward-looking statements may prove to be incorrect. Consequently, no forward-looking statements are guaranteed.

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PART I

ITEM 1. BUSINESS

General

WMS Industries Inc. (WMS or the Company) serves the legalized gaming industry by designing, manufacturing and distributing games, video and mechanical reel-spinning gaming machines and video lottery terminals (VLTs) to authorized customers in legal gaming jurisdictions worldwide. Our products are installed in all of the major regulated gaming jurisdictions in the United States, as well as in approximately 140 international gaming jurisdictions. We either sell our products outright, which we include in our product sales business, or we lease our products in our gaming operations business, which consists of the placement of leased and participation gaming machines. We also derive revenue as part of our product sales business from the sale of parts, conversion kits and, until the disposition of our Systems in Progress GmbH subsidiary (SiP) in July 2011, gaming related systems for smaller international casinos and, in our gaming operations business, from licensing our gaming themes and other intellectual property to third parties. Our fiscal year begins on July 1 and ends on June 30.

We seek to develop games and gaming machines that offer high entertainment value to casino patrons and generate greater revenues for casinos and other gaming machine operators than the games and gaming machines offered by our competitors. Our gaming products feature advanced graphics, digital sound and engaging games, and most games incorporate secondary bonus rounds. Certain games are based on licensed, well-recognized brands such as *MONOPOLY*[®], *BATTLESHIP*[®], *THE WIZARD OF OZ*[™] and *THE LORD OF THE RINGS*[™] and substantially all of our gaming machines utilize technologies and intellectual property licensed from third parties. In designing our games and gaming machines, our designers, engineers, artists and development personnel build upon our over 60 years of experience in designing and developing novel and entertaining products from jukeboxes and pinball games to video and arcade games and, now, gaming machines for the gaming industry. We utilize our unique *Player Driven Innovation*[™] approach in the development of new games and technologies to create innovative products.

Our primary manufacturing facility is located in the United States, with development or distribution offices in the United States, Argentina, Australia, Canada, China, India, Mexico, South Africa, Spain and the United Kingdom. For information about our revenues and assets outside of the United States, see Note 16. Information on Geographic Areas to our Consolidated Financial Statements. We conduct our business through our subsidiaries, including WMS Gaming Inc. (WMS Gaming), Orion Financement Company B.V. (Orion Gaming) and SiP, which market our products under the WMS, WMS Gaming, Orion Gaming and SiP trademarks. In September 2010, we closed our Orion Gaming manufacturing facility and in June 2011, we sold this facility and began winding down the support of our Orion Gaming product lines, which will occur over fiscal 2012. In July 2011, we sold SiP. These two subsidiaries were immaterial to our Consolidated Balance Sheets, Consolidated Statements of Income and Consolidated Statements of Cash Flows.

We have only one business segment. Data for product sales and gaming operations is only maintained on a consolidated basis as presented in our Consolidated Financial Statements, with no additional separate data maintained for product sales and gaming operations (other than the revenue and cost of revenues information included in our Consolidated Statements of Income and gaming operations equipment and related accumulated depreciation included in our Consolidated Balance Sheets). For information about our revenues, net income, assets, liabilities, stockholders equity and cash flows, see our Consolidated Financial Statements and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations .

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WMS was incorporated in Delaware on November 20, 1974 under the name Williams Electronics, Inc. WMS succeeded in the amusement game business that had been conducted for almost 30 years prior to 1974 by our predecessors and entered the gaming machine market beginning in the 1990 s. Our principal executive offices are located at 800 South Northpoint Blvd. Waukegan, Illinois 60085, and our telephone number is

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(847) 785-3000. Our Internet website address is www.wms.com. Information contained on our website is not part of this Report. Through our Internet website, we make available, free of charge, our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports, as soon as reasonably practical after the information has been filed with or furnished to the Securities and Exchange Commission (SEC). **We will also provide electronic or paper copies of these reports free of charge upon request to our principal executive office, Attention: Investor Relations.** Copies of any materials we file with the SEC are also available at the SEC's Public Reference Room at 100 F Street, N.E. Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at www.sec.gov.

Company and Product Overview

Our products consist of innovative and differentiated games, video gaming machines, mechanical reel gaming machines and VLTs. We were one of the original developers and pioneers of video gaming machines in the U.S. market and through a continued focus on creativity and innovation, we have introduced a variety of new and differentiated products to the gaming machine market. We strive to develop highly entertaining games that incorporate engaging game play, themes, intellectual properties and advanced technologies, exciting winning combinations, advanced graphics and digital music and sound effects. A gaming machine and a VLT consist of three primary elements: (1) the gaming machine cabinet hardware; (2) the operating system software; and (3) the game theme software. Each gaming machine contains operating system software that we refer to as a game platform . The game platform manages the software needed to operate the gaming machine. Game platforms and the related computer systems are constantly updated and revised to keep pace with the ever-increasing complexity of modern game play, technology and regulatory requirements. The change in these requirements is driven by, among other things, changes in consumer demand, capacity, security and regulation. *CPU-NXT*[®] and *CPU-NXT2* are the primary game platforms for substantially all our video and mechanical reel gaming machine and VLT product offerings.

Our games typically integrate secondary bonus rounds as additions to the primary game to create a game-within-a-game for more exciting and interactive play. If players attain certain winning combinations on the primary game, they continue on to play a secondary game for a chance at winning additional bonuses without additional wagering. The player can win in both the primary game and the secondary game. In our secondary bonus games, the player has various choices to make regarding the bonus features. For example, in some games the player can select from a variety of tokens or characters to obtain or reveal the bonus and, in other games, the player is awarded free spins. Amusing, entertaining and familiar graphics and musical themes add to the player appeal of our games.

We generate revenue in two principal ways. First, we generate product sales revenues from the sale to casinos and other licensed gaming machine operators of new and used gaming machines and VLTs, conversion kits for existing gaming machines (including game theme, hardware or operating system conversion kits) and parts. Second, we earn gaming operations revenues from leasing gaming machines and VLTs to casinos and other licensed gaming machine operators. In addition, beginning in fiscal 2011, we earn revenues from the online gaming casino we operate in the United Kingdom and software revenues from networked gaming applications. We also earn royalties from third parties, who maintain license agreements with us to use our game content and other intellectual property.

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Revenue information for the past three years includes (\$ in millions):

| | 2011 | % of Revenue | 2010 | % of Revenue | 2009 | % of Revenue |
|-------------------|----------|--------------|----------|--------------|----------|--------------|
| Revenues: | | | | | | |
| Product sales | \$ 489.2 | 62.5% | \$ 460.9 | 60.2% | \$ 438.5 | 62.1% |
| Gaming operations | 294.1 | 37.5 | 304.2 | 39.8 | 267.9 | 37.9 |
| Total revenues | \$ 783.3 | 100.0% | \$ 765.1 | 100.0% | \$ 706.4 | 100.0% |

See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and our Consolidated Financial Statements.

Product Sales

We offer the following products for sale:

- Ø *Video gaming machines.* Our video gaming machines contain games where casino patrons wager multiple coins on multiple pay-lines, in our WMS *Bluebird*[®], *Bluebird2* and *Bluebird xD* branded gaming cabinets, that combine advanced graphics, digital music and sound effects and secondary bonus games. In many of our video products, the primary game features a video screen that simulates traditional mechanical reel spinning action. In addition, we have developed games that have innovative variations on the movement and play action of the symbols on the video screen, such as our *Cascading Reels*[™] and *Rotating Wild*[®] effects. In the bonus round, the video screen can display a variety of amusing, interactive themed content. Depending on the game, the player can wager hundreds of coins per play. We have a strong player following in this product segment since the successful introduction of our *Reel em In*[®] game in 1997. With the introduction of new games and the significant expansion of our video game library since 1997, we undertook a new strategy in fiscal 2007 that segregates our video for-sale games into three categories: *G+*[®], Classic and Innovation. Each product category has its own distinguishable player interface and game play features that visually communicate the game play experiences that each video game offers. In the fourth quarter of fiscal year 2011, we successfully introduced the *G+ Deluxe* series as a new level of the *G+* category, including optional game statistics, increased win celebrations and synchronized lighting and audio effects. We introduced 45 new video games for sale during fiscal 2011, compared to 29 new video games in fiscal 2010.
- Ø *Mechanical reel gaming machines.* Our product line of mechanical reel gaming machines in our *Bluebird*, *Bluebird2* and *Bluebird xD* cabinets include five-reel and three-reel, single-line, multi-line, multi-coin games that are powered by the same *CPU-NXT* and *CPU-NXT2* operating systems as our video gaming machines. Our mechanical reel products feature state-of-the-art lighting and sound elements that make our gaming machines stand out on a casino floor. With the launch of our *Bluebird2* mechanical reel gaming machines in fiscal 2009, all of our mechanical reel gaming machines now feature our *Transmissive Reels*[®] technology, which combines both traditional mechanical reel spinning technology with video technology in a single gaming machine. We introduced 35 new mechanical reel games in fiscal 2011 compared to 30 mechanical reel games in fiscal 2010.
- Ø *Parts sales, conversion kits and used games.* We sell replacement parts and game conversion kits for our *Bluebird*, *Bluebird2* and *Bluebird xD* gaming machines. We also sell *CPU-NXT2* hardware and operating system conversion kits, which enable casinos to upgrade *Bluebird* gaming machines to obtain all the features and functionality of the *CPU-NXT2* operating system and the networked gaming functionality for a lesser price compared to the purchase of a new *Bluebird2* networked-enabled gaming machine. An active market exists mostly outside of North America for used gaming machines. When we receive a gaming machine on trade-in, we estimate a carrying value for the gaming machine based on the condition of the gaming machine, as well as our experience in selling used gaming machines and such estimates could change due to changes in demand in general for used gaming machines. We sell these

trade-ins as-is or refurbish the used gaming machines before resale. We also sell participation

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gaming machines, after refurbishment, as used gaming machines when we no longer need them in our gaming operations business. We expect that our revenues from these sources will increase in the future as our installed base of sold gaming machines continues to grow.

A summary distribution by major category of our product sales revenues is as follows (\$ in millions):

| | Year Ended June 30, | | |
|---------------------------------|---------------------|---------------|---------------|
| | 2011 | 2010 | 2009 |
| Video gaming machines | 64.8% | 58.1% | 64.6% |
| Mechanical reel gaming machines | 17.6 | 26.0 | 21.0 |
| Other product sales: | | | |
| Conversions | 6.3 | 7.6 | 7.0 |
| Used gaming machines | 7.6 | 4.1 | 3.8 |
| Other revenues | 3.7 | 4.2 | 3.6 |
| Total | 100.0% | 100.0% | 100.0% |

Gaming Operations

Our gaming operations business includes the following:

- Ø *Participation games.* Participation games are gaming machines with games all owned by us that we lease to customers based upon any of the following lease payment methods: (1) a percentage of the amount wagered, called coin in or a combination of a fixed daily fee and a percentage of the amount wagered; (2) a percentage of the net win, which is the earnings generated by casino patrons playing the gaming machine; or (3) fixed daily fees. We are able to lease these gaming machines and games on a participation basis because of their superior earnings performance and/or the popularity of the brand that generates higher wagering and net win to the casinos or gaming machine operators than the gaming machines we sell outright. Our participation games include the following categories:
 - Ø *Wide-Area Progressive (WAP) participation games.* WAP games are electronically linked gaming machines that are located across multiple casinos within a single gaming jurisdiction, or across Native American gaming jurisdictions. The linked gaming machines contribute to and compete for large, system-wide progressive jackpots and are designed to increase gaming machine play for participating casinos by giving the players the opportunity to win a larger jackpot than on a non-linked gaming machine. We create WAP games using our proprietary brands and licensed brands such as *MONOPOLY*, including *MONOPOLY Grand Hotel*[®], *MONOPOLY Big Event*[®], *MONOPOLY Around the Globe*[®], *THE WIZARD OF OZ*, *THE PRICE IS RIGHT*[®], *TIME MACHINE*[®], and *Reel em In Compete To Win*. We operate WAP systems in Arizona, Colorado, Mississippi, Missouri, Nevada and New Jersey and in Native American casinos. We often leverage our WAP games by also using them on local-area progressive systems or stand-alone participation gaming machines in those jurisdictions where we do not operate a WAP system. WAP participation games typically are leased where the lease payment is based on a percentage of the amount wagered or a combination of a fixed daily fee plus a percentage of the amount wagered. WAP participation games generate our highest daily lease rate and gross profit contribution; however, the gross margin percentage is below the other two types of participation categories because we are responsible for funding the WAP jackpot award, which we expense as cost of gaming operations in our Consolidated Statements of Income.
 - Ø *Local-Area Progressive (LAP) participation games.* A LAP system electronically links gaming machines that are located within a single casino to a progressive jackpot for that specific casino. Our LAP gaming machines feature games using our proprietary brands, *Jackpot Party Progressive*[®], *Life of Luxury*[®] *Progressive*, *Hot Hot Super Jackpot*[®] *Progressive*, *Goldfish*[®]

Race for the Gold[®] and *Money to Burn*[®] *Multiplying Progressive*, as well as licensed brands such as *HAPPY DAYS* .

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In fiscal 2011, we introduced *THE GODFATHER*[®] game, another new brand for WMS, which is the first multi-level progressive that allows players to win their way to higher progressive levels. Available in two unique base themes, players triggering the multi-level progressive can wager portions of their progressive win on a chance to earn higher price levels. Our LAP products leverage both exclusive brand names and game play intellectual property, and typically offer players the chance to win multiple progressive jackpots, all of which tend to drive up the average bet on these games. Net win per gaming machine on LAP systems is generally similar to non-linked stand-alone gaming machines on a casino floor. LAP participation games are leased where we earn revenue based on a percentage of the daily net win of the gaming machine or a fixed daily fee.

- Ø *Stand-alone participation games.* We lease certain participation games on a non-linked basis, which we call stand-alone games. Our stand-alone games feature titles, among others, under the *MONOPOLY* and *PRESS YOUR LUCK* brands and, in those jurisdictions where we do not operate a WAP system, *THE WIZARD OF OZ*, *TOP GUN*[®] and *TIME MACHINE* based games. Our stand-alone gaming machines generally feature larger, more elaborate top boxes and provide game play experiences not possible on a single screen game or on gaming machines that we sell. Stand-alone participation games are leased and we earn revenue based on a percentage of the daily net win of the gaming machine or a fixed daily fee, or for our games utilizing our *Adaptive Gaming*[®] technology, *STAR TREK* and *THE LORD OF THE RINGS*, on a percentage of the amount wagered on the game.

In prior years we disclosed the categories of our participation gaming machines based on the type of game placed on the gaming machine; WAP, LAP and Stand-alone. Beginning July 1, 2010, we modified our installed participation base categories to show the breakout of these gaming machines based on the revenue models that generate the lease payments: percentage of coin-in, percentage of net win and daily lease rate. This change does not impact our total participation revenues or gross profits, nor our total installed base of participation gaming machines or the average revenue per day. We believe these new categories provide stockholders with better perspective about how we generate our participation revenues. The prior year disclosure of the participation-installed base categories included in the table below reflects the current year presentation.

The components of our installed base of participation games were as follows (using our new basis of presentation):

| | Year Ended June 30, | | | | | |
|--|---------------------|---------------------------|--------|---------------------------|--------|---------------------------|
| | 2011 | % of Installed Base | 2010 | % of Installed Base | 2009 | % of Installed Base |
| Percentage of coin-in units at year end | 3,780 | 38.3% | 3,765 | 36.1% | 2,868 | 27.7% |
| Percentage of net win units at year end | 3,072 | 31.1 | 3,334 | 32.0 | 3,959 | 38.3 |
| Daily lease units at year end | 3,018 | 30.6 | 3,322 | 31.9 | 3,523 | 34.0 |
| Total installed participation base units at year end | 9,870 | 100.0% | 10,421 | 100.0% | 10,350 | 100.0% |
| Average participation installed base during the year | 10,046 | | 10,298 | | 9,666 | |

Other gaming operations revenues are derived from:

- Ø *Casino-owned daily fee games.* This category consists of gaming machines for which the casino purchases the base gaming machine and leases the top-box and game from us at a lower fixed daily lease payment than if they were to lease the entire gaming machine. Casino-owned daily fee games typically feature a second liquid crystal display (LCD) screen in the top-box that provides additional entertaining bonus experiences for the player. In the case of products offered as casino-owned daily fee games, we also give casinos the option to either lease the complete gaming machine, top box and game (in which case the unit is classified as a stand-alone participation game), or to purchase outright the base

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gaming machine, top box and game at a premium price (in which case the revenue is classified as product sales revenue).

- Ø *Video lottery terminal leases.* Our VLTs include both video and mechanical reel gaming machines. They feature advanced graphics, digital sound effects and music and incorporate many of the same features from our other gaming machines. We offer a variety of multi-game and single-themed VLTs. Our VLTs may be operated as stand-alone units or may interface with central monitoring systems operated by government agencies. Our VLTs typically are located in places where casino-style gaming is not the only attraction, such as racetracks, bars and restaurants. In some jurisdictions, VLT operators can only lease our VLTs, in which case the lease payments are classified as other gaming operations revenues. In certain jurisdictions, VLT operators can purchase outright our VLTs, in which case the purchases are classified as product sales revenues. We do not include leased VLTs in our installed base of participation games.

- Ø *Leased-for-sale games.* Some customers prefer to lease our gaming machines under an operating lease arrangement rather than to purchase them. In these cases, we enter into an operating lease for the gaming machine, either for a fixed daily fee or a percentage of the net win of the gaming machine. Often, the customer is given the option to purchase the leased gaming machine at the end of the lease term at fair value. We do not include gaming machines leased under operating lease agreements in our installed base of participation games. We believe that more customers may desire to enter into this type of lease as they do not have to allocate capital or upfront cash payments to purchase the gaming machines, and we expect to enter into more operating leases in the years ahead. With operating leases, we record the revenues over the term of the lease, as opposed to an outright product sale where we record the revenue when the product ships and all of our revenue recognition criteria have been met.

- Ø *Licensing.* We derive revenue from licensing our games and intellectual property to third parties. Methods for determining the license or royalty revenue vary, but generally are based on a fixed amount for each licensed game purchased, placed or shipped in a period, or a fixed daily royalty amount for each game. Licensing revenues have declined over the last two years as our licensing agreements reached their termination dates and we elected not to renew these agreements and we have now directly entered the markets covered by these agreements. Our agreement with Stargames Corporation Pty. Ltd. ended in January 2008 and the resulting sell off period ended in fiscal 2010. Our agreement with Multimedia Games Inc. ended June 30, 2009 although there are on-going annual fees owed for continued use of our games. Our agreement with Bally